

Message Text

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ACTION EUR-12

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FM AMCONSUL HAMILTON
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C O N F I D E N T I A L HAMILTON 246

E.O. 11652: GDS

TAGS: PGOV, BD

SUBJECT: INTERNATIONAL MONETARY FUND ADVISORS IN BERMUDA
REF: TELCON FUNSETH/CANSLER 23 MAY 1978

1. IMF ADVISORS (CENTRAL BANKING SERVICE) NETTLES AND GALBIS PAID COURTESY CALL ON ME MAY 25 ACCOMPANIED BY DIRECTOR OF BERMUDA MONETARY AUTHORITY. THE TWO ADVISORS HAVE SPENT PAST WEEK ON THE ISLAND AT REQUEST OF MINISTRY OF FINANCE TO SURVEY NEED FOR AND DEVELOPMENT OF SMALL BUSINESS AGENCY WHICH GOVERNMENT HOPES TO ESTABLISH IN NEAR FUTURE TO ENCOURAGE ESTABLISHMENT OF MORE SMALL BUSINESS OPERATIONS BY BERMUDIANS. EUR/NE FUNSETH HAD BRIEF DISCUSSION OF THIS PROJECT WITH MINISTER FOR COMMUNITY AFFAIRS EDNESS DURING MARCH VISIT AND SUBSEQUENTLY PROVIDED EXTENSIVE LITERATURE FROM SBA TO EDNESS.
 2. CREATION OF AGENCY HERE IS REACTION TO ALLEGATIONS BY SEGMENT OF LOCAL BLACK COMMUNITY THAT BANK LENDING PRACTICES WERE DISCRIMINATORY AND CUMBERSOME IN ORDER TO PROTECT VESTED INTERESTS OF ESTABLISHED "BIG BUSINESS." INITIAL PLAN ENVISIONED ESTABLISHMENT OF GOVERNMENT CREATED BERMUDA DEVELOPMENT BANK (BDB) TO PROVIDE FINANCING FOR POTENTIAL SMALL ENTREPRENEURS AND ESTABLISHMENT OF ADVISORY AGENCY WHICH WOULD PROVIDE ONGOING COUNSEL ON BASIC MERCHANDISING AND ACCOUNTING TECHNIQUES.
 3. ALTHOUGH NETTLES AND GALBIS HAVE NOT FORMULATED FINAL RECOMMENDATIONS, IT WAS CLEAR FROM OUR DISCUSSION THAT
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- INVESTIGATION SHOWED THAT ALLEGATIONS OF DISCRIMINATION IN BANKING PRACTICES HERE WERE SPURIOUS AND THAT CREATION OF BDB WILL BE REDUNDANT FOR THIS SMALL COMMUNITY. THEY APPEAR TO ENCOURAGE CREATION OF AN ADVISORY BOARD TO PROVIDE NEEDED OPERATIONAL EXPERTISE TO SMALL BUSINESSES.
4. COMMENT: TRUE IMPORT OF VISIT OF IMF ADVISORS IS NOT WHAT THEIR INQUIRIES DISCLOSED OR WHAT THEIR RECOMMENDATIONS

MIGHT BE BUT FACT THAT THE GIBBONS GOVERNMENT IS REALISTICALLY
ADDRESSING POINTS OF CONTENTION FANNED BY OPPOSITION PARTY
AND OTHER INTEREST GROUPS ON THE ISLAND. THIS PARTICULAR
VISIT IS REPORTED BECAUSE I CONSIDER IT INDICATIVE OF THE
UBP'S PRAGMATIC APPROACH TO DEFUSE ON A CASE BY CASE BASIS
THOSE AREAS OF COMPLAINT, SOME REAL AND SOME ILLUSORY,
WHICH PREVIOUS UBP GOVERNMENTS SWEEPED UNDER THE CARPET.

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